

Message Text

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ACTION EUR-25

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EA-11 FRB-02 INR-10 IO-13 NEA-10 NSAE-00 RSC-01

OPIC-12 TRSE-00 CIEP-02 LAB-06 SIL-01 OMB-01 AGR-20

DODE-00 H-02 INT-08 L-03 NSC-10 PA-03 SS-15 STR-08

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FM USMISSION OECD PARIS

TO SECSTATE WASHDC PRIORITY 9761

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TAGS: EIND, OECD

SUBJ: EXCSS INVESTMENT STUDY AND MULTINATIONAL CORPORATIONS

REF: STATE 97319

1. SUMMARY. FORTHCOMING MEETINGS OF XCSS IN JUNE AND JULY RAISE QUESTION OF HOW XCSS DECISIONS ON INVESTMENT AND MNCS ARE TO BE IMPLEMENTED. INVESTMENT- RELATED ACTIVITIES OF MNCS ARE TO BE HANDLED WITHIN XCSS INVESTMENT STUDY, AND IT IS UNDERSTOOD THAT SOME OTHER ASPECTS WILL CONTINUE TO BE STUDIED ELSEWHERE IN OECD, BUT DELINEATION BETWEEN TWO TYPES OF QUESTIONS IS NOT CLEAR. ACTION REQUESTED: US VIEWS. END SUMMARY.

2. MISSION HAS SUBMITTED MEMORANDUM (REFTEL) TO OECD SECRETARIAT AS STATEMENT OF US VIEWS ON FUTURE WORK OF EXECUTIVE COMMITTEE IN SPECIAL SESSION (XCSS) IN THE INTERNATIONAL INVESTMENT AREA. IN DOING SO, WE ASSUMED LAST PARAGRAPH MEANT THAT US BELIEVES INVESTMENT- RELATED WORK OF OECD ON MNCS, RATHER THAN ALL ASPECTS OF MNCS,

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SHOULD BE SUBSUMED WITHIN XCSS INVESTMENT WORK.

3. IN ITS DECISION AT MARCH 19-20 MEETING, QUOTED ON PAGES 67-68 OF CE/ M(73)8 PART I, XCSS AGREED THAT SECGEN SHOULD PREPARE ITS FUTURE DISCUSSION OF INVESTMENT ISSUES SO AS TO INCLUDE FOCUS ON QUESTIONS SPECIFIC TO MNCS REFERRED TO IN SECGEN' S NOTE CE(73)6 (PARAS 73 AND 75-77) AND IN REY REPORT. XCSS ALSO ENVISAGED CONTINUATION AND POSSIBLE EXTENSION OTHER CURRENT OECD ACTIVITIES RELATING TO MNCS (MOST OF WHICH ARE DESCRIBED IN C(72)125 AND ANNEX TO CE(73)6) IN ITS REQUEST AT MARCH MEETING THAT SECGEN MAKE PROPOSALS TO THE COUNCIL FOR THE COORDINATION AND, IF POSSIBLE, THE REINFORCEMENT OF SUCH ACTIVITIES.

4. SECGEN HAS NOT YET ACTED IN RESPONSE TO XCSS REQUEST, HOWEVER, PARTLY BECAUSE OF PREOCCUPATION WITH UPCOMING XCSS, MINISTERIAL COUNCIL AND ENERGY MEETINGS AND PARTLY BECAUSE REFERENCES IN XCSS MARCH DECISION LEAVE CONSIDERABLE ROOM FOR INTERPRETATION OF XCSS' S WISHES. SECRETARIAT FEELS THE NEED FOR BETTER INDICATIONS OF GOVERNMENT VIEWS ON WHAT MIGHT BE TAKEN UP IN XCSS AND WHAT MIGHT CONTINUE TO BE PURSUED ELSEWHERE IN THE OCD (THOUGH PRESUMABLY IN SOME CLOSE RELATIONSHIP TO XCSS INVESTMENT STUDY.)

5. WE ARE AWARE THAT SEVERAL OTHER DELEGATIONS WANT OECD TO PROCEED WITH WORK ON ASPECTS OF MNCS THAT ARE NOT CLOSELY RELATED TO CENTRAL INVESTMENT ISSUES. WE CONSIDER IT QUITE LIKELY THAT ONE OR ANOTHER DELEGATION TO XCSS JUNE 5 MEETING OR TO MINISTERIAL COUNCIL JUNE 6 -8 MAY REITERATE CONCERNS ABOUT MNC OPERATIONS, REQUEST STATUS REPORT ON SECGEN' S RESPONSE TO EARLIER XCSS REQUEST, AND/ OR MAKE SPECIFIC PROPOSALS FOR FURTHER OECD WORK ON NCS. AT LEAST ONE DELEGATION IS PREPARING TO PUT FORWARD, POSSIBLY BEFORE JUNE 5, A SPECIFIC PROPOSAL THAT IT HOPES WILL STIMULATE THINKING AND ACTION.

6. MISSION' S VIEW IS THAT XCSS SHOULD FOCUS ON ISSUES OF DISTORTIONS IN TRADE AND INVESTMENT FLOWS, I. E., ISSUES MORE CLOSELY RELATED TO THE FUNCTIONING OF THE INTERNATIONAL TRADE AND MONETARY SYSTEM, AND THAT MNC ISSUES THAT MIGHT DIS-TRACT FROM THIS CENTRAL PURPOSE SHOULD BE HANDLED ELSEWHERE.
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WE BELIEVE THIS APPROACH WOULD BE COMPATIBLE WITH SECGEN' S VIEWS, AS REFLECTED, FOR EXAMPLE, IN PARA 6 OF DRAFT COMMUNIQUE, AND OTHER DELEGATIONS HAVE NOT OBJECTED TO LANGUAGE THAT PARA.

7. MISSION WOULD APPRECIATE (A) CONFIRMATION THAT US ENVISAGES XCSS INVESTMENT STUDY SHOULD INCLUDE ONLY THOSE

ASPECTS OF MNC ISSUE MORE CLOSELY RELATED TO
INVESTMENT, AND (B) INDICATION OF HOW US ENVISAGES CON-
TINUATION AND REINFORCEMENT OF RELATED BUT SEPARATE WORK
ON MNCS ELSEWHERE IN OECD.
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